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INVESTMENT DIVERSIFICATION FACTORS ON PORTFOLIO DECISIONS WITH REFERENCE TO RRT INDUCEMENT

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ABSTRACT

Diversification plays an energetic role in effective investment decision making of different portfolios. In this research paper, the author concentrates on frequent functioning possible investment schemes such as bank deposit, investment in equities, insurance schemes, investment in real estate, gold investment, investment in commodity, post office saving schemes, investments in chit funds, investment in mutual funds, investments in pension, investment in foreign exchange, PPF, ULIP and NSS. This paper overview its objectives of investment diversification in connection to investment factors, portfolio investment schemes, risk, return and time period factors. Additionally source of information for investment decision also analyzed on investment update. The analysis for this study conducted with the help of statistical tools like ANOVA, Henry Garret Ranking method, Factor analysis -KMO and Barlett's Test. Diversification factors are a widely embraced investment strategy to reduce portfolio loss and volatility during uncertainty period. No doubt definitely this study provide considerable space for knowing factors and return aspects associated with time period to the investor's decision making on portfolios.

KEYWORDS: Risk reduction, Financial assets, CAPM, MPT, Fixed- Variable Principal Investment, Sampling minutiae

INTRODUCTION

Diversification of investments involves choosing several baskets for your investment eggs. This diversification describes well all the possible investments, like stocks, bonds, commodities or real estate by all classes of investors like individuals, institutions, governments, etc. In all these investments, the trade – off is between known amounts that are invested today, in return for an expected amount in future. While the amount being invested is certain, as it is now in our hands of rather is going out of our hands, the expected future inflow carries with it uncertainties regarding its realization. Managing the investment is a dynamic and an ongoing process. This process starts with

planned initial investment and the real task is monitoring and updating the investments in the wake of new developments. Numerous avenues of investment are available today. One can either deposit money in a bank account or purchase a long – term government bond or invest in the equity shares of a company or contribute to a provident fund account or buy a stock opt ion or acquire a plot of land or invest in some other form. Almost everyone owns a portfolio of investments. The portfolio is likely to comprise financial assets (bank deposits, bonds, stocks, and so on) and real assets (motorcycle, house, and so on). The portfolio may be the result of a series of haphazard decisions or may be the result of deliberate and careful planning.

Diversifying is that reduce the risk that local financial markets will suffer an extended bear market. While global investing includes some additional risks, such as currency fluctuations and political uncertainty, diversifying globally can help offset overall portfolio volatility. Numerous avenues of investment are available today. Investors can select the suitable avenue according to their desired level of risk, return and liquidity. The portfolio may be the result of a series of haphazard decisions or may be the result of deliberate and careful planning. Financial investments are the backbone of an economic system and aid collection of scarce capital across the productive sectors of the economy.

FORMATION OF DIVERSIFIED INVESTMENT PORTFOLIO

It is the next step in investment management process. Investment portfolio is the set of investment vehicles, formed by the investor seeking to realize its' defined investment objectives. In the stage of portfolio formation the issues of selectivity, timing and diversification need to be addressed by the investor. Selectivity refers to micro forecasting and focuses on forecasting price movements of individual assets. Timing involves macro forecasting of price movements of particular type of financial asset relative to fixed-income securities in general. Diversification involves forming the investor's portfolio for decreasing or limiting risk of investment. The two techniques of diversification-

- Random diversification, when several available financial assets are put to the portfolio at random
- Objective diversification when financial assets are selected to the portfolio following investment objectives and using appropriate techniques for analysis and evaluation of each financial asset.

IMPORTANT BENEFITS OF DIVERSIFICATION IN INVESTMENT

Two well-known theories in the finance literature, the Capital Asset Pricing Model - CAPM and the Modern Portfolio Theory-MPT, suggest that individual and institutional investors should hold a well-diversified portfolio to reduce risk. An institutional investor can achieve a well-diversified portfolio because the amount of funds in the portfolio is large enough for in-house diversification. Individual

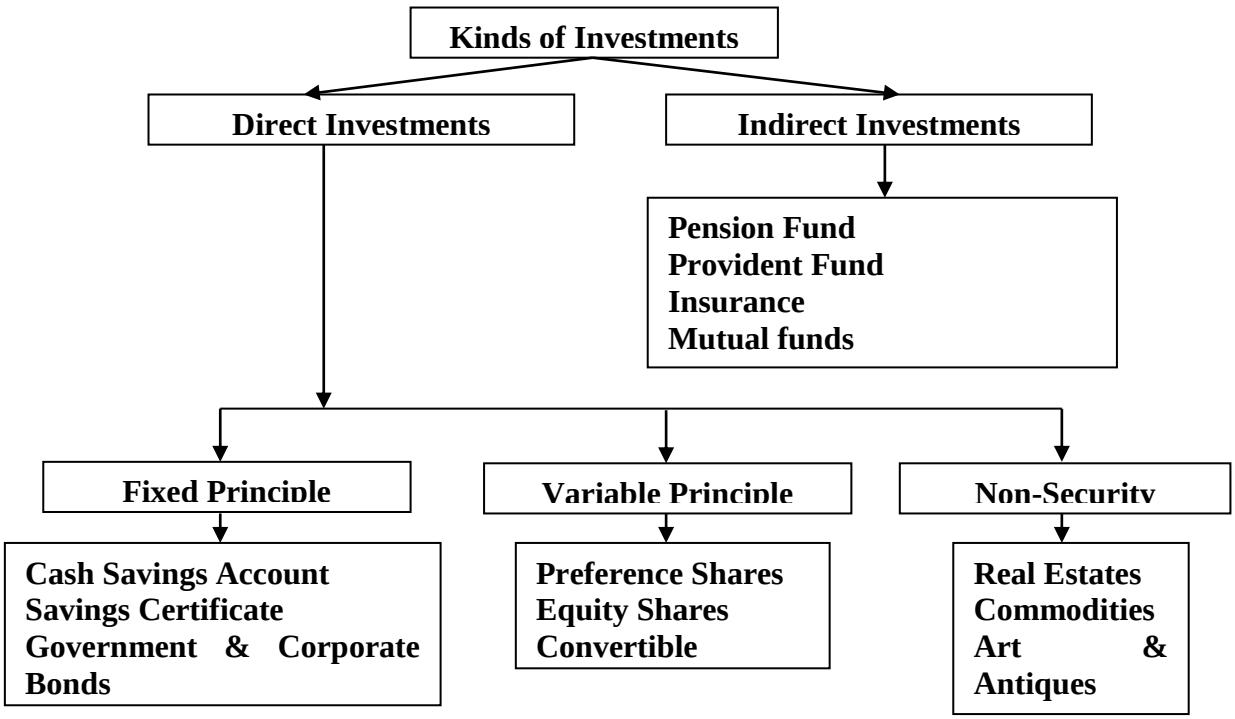
investors with limited wealth will have to find another way that does not require substantial funds to diversify their portfolios

1. Planning an asset allocation
2.Diversification enables rebalancing
3. Diversification corrects for human bias
4. Risk Reduction
5. Limiting Losses
6. Improved Returns
7. Greater Flexibility
8. Retirement Planning
9. Asset allocation strategies to mitigate systematic risk
10. Owning a variety of industries and stocks to mitigate unsystematic risk

DIVERSIFICATION OF INVESTMENTS PORTFOLIO

In globalized scenario, economic activity has been characterized by a spectacular increase in the international dimensions of business maneuver. Rapid intensification of international trade accelerated the globalization of financial activity which brought diversified investment opportunities that are no longer restricted to domestic markets, but financial capital can now seek opportunities abroad with relative ease. In view of this, the current paper tries to overview the scope of international portfolio investment in globalized world. Investing internationally provides not only increased stability to a portfolio, but also potential higher yields with less risk. Therefore, investors should diversify portfolio globally because it will offer improved stability of their financial profile as well as higher yields with less risk. Diversification is a familiar term to most investors. In the most general sense, it can be summed up with this phrase: "Don't put all of your eggs in one basket." Growing volume of cross-border transactions has integrated national economies of different countries bringing them close to each other. Higher degree of market integration has become possible due to reduced regulatory barriers among countries, lower cost of communications etc. This has been apparently reflected through the worldwide growth of exports and imports as a proportion of GDP of individual countries that has resultantly internationalized consumption patterns in different ways. It is a passive investment in securities, none which entails in active management or control of the securities' issued by the investor. Portfolio investment is investment made by an investor is not particularly interested in involvement in the management of a company.

Major Types of Investments Options



METHODOLOGICAL FRAMEWORK

Data Collection - To overview the investment diversification factors among investors, the following instruments were used for data collection such as Interview, Questionnaire, and E-Mail, Google search engine, Television, Newspapers, Magazines and journals.

Sampling minutiae - Sampling design is determined before data collection, for a study of this type, defining the universe is not easy task. The size of population is large. Samples were collected from respondents who have sufficient knowledge and experience in investment portfolio and security analysis. The total sample size derived from the professionals like banker, auditor, academician, accountant, insurance and financiers and common personages who have sufficient knowledge in investment and speculation. Based on these sub-groups, availability and accessibility of 1048 investors was found to be the sample size. After scrutinizing the information abounding by them, only 1000 were found to be suitable, free from errors.

Sampling techniques - Apart from the sample size, the only other way of increasing the precision of sample estimate of the population mean is to dense a sampling plan which will effectively reduce the variability in the population. Here in this study, purposive sampling was used by the researcher to collect primary information from sampled respondents in southern part of India. Structured questionnaires were designed based on the objectives of the study and collected primary information by distributing questionnaires to the corresponding respondent's mail. This is based on

the intention and the purpose of study and only those elements will be selected from the population which suits the best for the purpose of our study.

Research design - Research design constitutes the blue print of collection, measures and analysis of data. In specific terms, a research design is the arrangement of conditions and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Here in this study, the researcher used descriptive research design and studies concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation are examined with reference to investment portfolios.

Tools of data collection - By virtue of a mass data obtained from the research survey through questionnaire, as well as data from secondary sources collected and presented in this report, descriptive and analytical research was considered the most appropriate for this study. The researcher problem, questionnaire and interview schedule were all framed accordingly.

Statement of Problem - The researcher reviewed virtually related research papers and article published in leading data base such as Ebsco , Delnet, J-Gate and other open access online and off line journals and found mostly the following key core areas of investment diversification -

- Investor's preference on investment opportunity in terms of risk and return
- Investment opportunity can be investment in terms of equity or debt.
- Investment pattern and decision making in opportunity cost.
- Operational difficulties in improvement existing investments scheme
- Focusing on the structure of investment schemes
- Factors influencing to invest in various diversified investment schemes
- Measures for its healthy growth and for mitigating the problems of the rural investors

After making a detailed review of literature research gaps are identified and this forms the basis for this research study been studied for all the investment products taken for this study. Hence, it is not clear as out of the total which attributes of diversification affect their efficiency. This gap has been filled in present study by identifying the evaluation schemes of investment in connection with reference to risk, return and time period. Therefore, an extensive study considering all the available variables, the researcher made list of diversification factors that stimulus and influence the investment decisions of investor and specific source of information on portfolio investment required for investors for making investment decision.

OBJECTIVES OF THE STUDY

1. To study the diversification factors that stimulus and influence the investment decisions of investor in selections of portfolio investment schemes.

2. To evaluate and analyze investor discernment towards various pattern of investment in connection to risk, return and time period factors.

3. To know the specific source of information on portfolio investment required for investors for making investment decision.

SCOPE AND OPPORTUNITY OF THE STUDY

1. It has nearly all common investment products that the individuals usually invest. The study has been done across the gender, almost all professionals, covering business classes, self-employed and the retired groups.
2. The impact of individual's personality on their investment decision has also been taken into the study. The switching behavior of the individual if any between the various investment products has also been studied with reference to RRT.
3. This study helps the companies build such products to its investors which are in reach of their mindset and thinking.

DATA ANALYSIS AND INTERPRETATION

Table No. -1 Demographic profiles of sample respondent

Segment	Particulars	No. of Respondents	% of Respondents
Gender	Male	722	72.2%
	Female	278	27.8%
Marital status	Married	847	84.7%
	Unmarried	153	15.3%
Age	0- 30 years	114	11.4%
	31-40 years	328	32.8%
	41-50 years	212	21.2%
	51-60 years	225	22.5%
	Above 61 years	121	12.1%
Family Size	Below 2 members	95	9.5%
	3-4 members	311	31.1%
	5-6 members	386	38.6%
	7-8 members	133	13.3%
	Above 8 members	75	7.5%
Occupation	Academician	248	24.8%
	Business	241	24.1%

	Salaried	120	12.0%
	Professionals	72	7.2%
	Retired	319	31.9%
Educational Qualification	Diploma	57	5.7%
	Under Graduate	135	13.5%
	Post Graduate	424	42.4%
	Others	384	38.4%
Experience in Investment	Below 3 yrs	48	4.8%
	4-6 yrs	211	21.1%
	7-9 yrs	295	29.5%
	10-12 yrs	271	27.1%
	Above 12 yrs	175	17.5%
	Total for each segment	1000	100%

Source: Computed from survey data

In general, the sample selected for the study covers all socio – economic factors of sampled investors all sectors of the economy. In some aspects, the sample selected for the study is on par with the studies. To sum up, a majority i.e., 72.2% of the respondents belongs to male category, in case of marital status 84.7% are married, then in the next segment i.e., age a high of 32.8% of them belongs to the age category of 31-40 years. In continuation to this regarding family size, a high of 38.6% have 5-6 members in their family. Next in the segment of occupation a high of (31.9.0%) of them belongs to retired category and in case of educational qualification, post-graduation has the highest at (42.4%). Hence, it is concluded that majority (29.5%) of the respondents having 7-9 years' experience in dealing with various types of investment.

FACTORS CONSIDERED BY INVESTORS TO SEARCH AND SELECT PORTFOLIO INVESTMENTS ALTERNATIVES - FACTOR ANALYSIS

It is a method used to transform a set of variables into a small number of linear composites, which have maximum correlation with original variables. In this study, Factor analysis is used to study the reasons behind knowing the main factors considered by investors to search and select portfolio investment alternatives and options considered as important by the sample respondents in the criteria of portfolio investment. The purpose of factor analysis is to determine the responses from the several numbers of statements, which are significantly correlated. If the responses of the several statements are significantly correlated, it is believed that the statement measures some factors common to all of them. Factor analysis can only be applied to continuous variables (or) intervals

scaled variables. A factor analysis is like regression analysis as it tries to "best fit" factors to a scatter diagram of data in such a way that factors explain the variance associated with responses to each statement. The Results of the Factor Analysis in respect of Eleven Variables are given below:

The KMO (Kaiser-Meyer-Olkin) and Barlett's Test has been used to find the suitability of the factor analysis for factor reduction. KMO test is a measure showing the sample adequacy to examine the appropriateness of the factor analysis. As the KMO (Kaiser-Meyer Olkin) value 0.607 is close to 1 and Bartlett's test value is 0.001 which is less than 0.05, it is concluded that the factor analysis is suitable. The following table shows that the factors suitability test.

Table No. –2 Factor suitability test

Kaiser – Meyaer – Olkin Measure of Sampling Adequacy		0.607
Bartlett's Test of Sphericity	Approx. Chi-Square	1665.466
	Degree of Freedom	55
	Significance	0.001

Source: Computed from survey data

After testing suitability of the Factor Analysis, the explainable variables are processed to find the principle factors. The results of the analysis are given below in table -3.

Table No.-3 Total variance and factors

Component	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Square loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Higher rate of return	3.451	31.376	31.376	3.451	31.376	31.376	3.256	29.604	29.604
Safety and security	2.470	22.458	53.834	2.470	22.458	53.834	2.341	21.278	50.882
Regular Income	2.049	18.628	72.462	2.049	18.628	72.462	2.063	18.757	69.639
Risk tolerance and minimization	1.230	11.179	83.641	1.230	11.179	83.641	1.540	14.002	83.641
Investment Knowledge benefits	0.575	5.230	88.871						
Transferability	0.395	3.591	92.463						
Bonus	0.334	3.034	95.496						
Expected dividends and incentives	0.191	1.736	97.232						
Liquidity	0.167	1.516	98.748						
Fund's short-term performance	0.126	1.147	99.895						
Advice from analyst/Finance Officer	0.012	0.105	100.00						
Extracted Method : Principal component analysis									

The above table shows that the four components explain 83.641 percent of the variances. Since the factors having Eigen values less than 1 are not considered as they are not important, we get 4 extracted factors. The extracted factors are given in the following table:

Table No. -4 Extracted factors

Factors	% of variance accounted for by each factor	Cumulative % variance	Eigen Value
Higher rate of return and safety	31.376	31.376	3.451
Income and risk tolerance minimization	22.458	53.834	2.470
Bonus, dividends and incentives	18.628	72.462	2.049

Source: Computed from survey data

From the given 11 factors 4 components have been extracted. The contributions of the factors to the 4 components are given in the form of scores. The following table shows that the component score co-efficient matrix.

Table No.-5 Component score co-efficient matrix

Factors Influencing to Portfolio Investment	Component			
	1	2	3	4
Higher rate of return	0.288	-0.106	-0.048	-0.10
Safety and security	0.305	0.073	-0.072	-0.243
Regular Income	0.005	0.355	0.198	-0.042
Risk tolerance and minimization	0.043	0.354	-0.212	-0.118
Investment Knowledge benefits	0.025	0.032	-0.392	0.67
Transferability	-0.039	0.080	0.129	0.656
Bonus	-0.050	0.061	0.463	0.250
Expected dividends and incentives	-0.013	-0.046	0.227	-0.334
Liquidity	-0.281	0.025	0.034	-0.026
Fund's short-term performance	-0.254	-0.079	-0.011	-0.136
Advice from analyst/Finance Officer	0.025	0.385	-0.017	-0.019
Extraction Method : Principal Component Analysis				
Rotation Method : Varimax with Kaiser Normalization				

From the given eleven factors four components have been extracted. The contribution of the factor to the four components is given in the form of scores. Based on the scores of each factors to the

first, second, third and four components, the factor structure is constructed. Depending on the scores contribution to the 4 factor by the 11 variables, the names of four influencing factors are labeled. The first component comprises of the scores. The following table shows what the factors structure for form influencing factors.

Table No. -6 Factor structures (0.1 cut off for significant loadings)

Factors Influencing to Portfolio Investment	Variables	Score Coefficient
Higher rate of return and Safety	Safety and security	0.305
	Higher rate of return	0.288
Income and Risk tolerance minimization	Regular Income	0.355
	Risk tolerance and minimization	0.354
Transferability and Bonus	Transferability	0.656
	Bonus	0.463
Dividend, Incentive and Liquidity	Expected dividends and incentives	0.227
	Liquidity	0.034

Source: Computed from survey data

1. High Return and Safety - The first factor shows higher dominant variables in deciding the pre-taking expectation in making investment decisions. The factor accounts for 31.376 percent of the total variance and has the Eigen value of 3.451. It is observed that among the eleven variables listed in the table the High return and safety are having positive higher score and hence the researcher could say that they are significantly influencing the respondents to make and induce invest in portfolio investment schemes.

2. Income and Risk tolerance minimization -The second factor which influences the respondents to make and induce invest in portfolio investment schemes is regular income generation and risk tolerance and minimization. This factor accounts for 22.458 percent of the total variance and has the Eigen value of 2.470. It is observed that the Income and risk tolerance minimization are having positive higher score and hence the researcher could say that they are significantly influencing the respondents on portfolio investment confirmation.

3. Bonus, dividends and incentives - The third factor which influences the respondents to invest in portfolio investment schemes is bonus, dividends and incentives. This factor accounts for 18.628 percent of the total variance and has the Eigen value of 2.049. It is observed that bonus, dividends and incentives are having positive higher score and hence the researcher could say that they are significantly influencing as one of the portfolio investment factor.

INVESTMENT OPPORTUNITY –RRT (RISK, RETURN AND TIME PERIOD)

Financial investments comprise capital market instruments and other assets like Bank deposits, mutual fund, insurance, chit fund, derivatives, real estate, foreign currency, gold, commodities, provident funds, post office savings schemes, government securities, tax free bonds, shares and securities and others like public sector bonds, etc. Investors want to minimize the risk associated with a given expected return. Diversification can play a role by minimizing firm-specific risks that add to the overall uncertainty of returns.

Risk - Investment risk is related to the probability of actually earning less than the expected return; thus, the greater the chance of low or negative returns, the riskier the investment. Most portfolios are diversified to protect against the risk of single securities or class of securities. Hence, portfolio analysis consists of analyzing the portfolio as a whole rather than relying exclusively on security analysis, which is the analysis of specific types of securities. To assemble an efficient portfolio, one needs to know how to calculate the returns and risks of a portfolio, and how to minimize risks through diversification.

Return - Each expected return value in the portfolio expected return is weighted according to what percentage that asset takes up in the portfolio. It is the monetary return experienced by a holder of a portfolio. Portfolio returns can be calculated on a daily or long-term basis to serve as a method of assessing a particular investment strategy. Dividends and capital appreciation are the main components of portfolio returns. Rate of return calculations fall into two general categories: time-weighted and money-weighted. The key point to understand, therefore, is that any differences in reported returns come about as a result of cash inflows and outflows.

Time period - It refers to the period of time required to recoup the funds expended in an investment. Rate of return is a profit on an investment over a period of time, expressed as a proportion of the original investment. The time period is typically a year, in which case the rate of return is referred to as annual return. Investments with shorter payback periods are considered to have lower risk than those with longer payback periods. ROI is a popular financial metric for evaluating the financial consequences of individual investments and actions.

Table No. –7 Respondent's decision about schemes of investment portfolio Vs investment opportunity –RRT (Risk, Return and Time Period) – Two Way ANOVA

Ho=There is no significant difference between respondent's decision about schemes of Investment portfolio with Investment opportunity (Risk, Return and Time period).

H1=There is a significant difference between respondent's decision about schemes of Investment portfolio with Investment opportunity (Risk, Return and Time period).

Schemes of Investment Portfolio	Calculated ANOVA value	Table value at 5% level of F- Distribution	D.F	Remarks
Bank Deposit	27.877	6.39	4	Significant at 5% level
Investment in Equities	18.856	6.39	4	Significant at 5% level
Insurance Schemes	17.601	6.39	4	Significant at 5% level
Investment in Real Estate	28.136	6.39	4	Significant at 5% level
Gold Investment	15.923	6.39	4	Significant at 5% level
Investment in Commodity	33.709	6.39	4	Significant at 5% level
Post office Saving Schemes	16.728	6.39	4	Significant at 5% level
Investments in Chit Funds	21.734	6.39	4	Significant at 5% level
Investment in Mutual Funds	27.972	6.39	4	Significant at 5% level
Investments in Pension	14.637	6.39	4	Significant at 5% level
Investment in Foreign exchange	19.161	6.39	4	Significant at 5% level
PPF	15.927	6.39	4	Significant at 5% level
ULIP	16.620	6.39	4	Significant at 5% level
NSS	17.839	6.39	4	Significant at 5% level

Source: Computed from survey data

It is inferred from the above table that the calculated ANOVA value is higher than the table value at 5% level of F- distribution, so the null hypothesis is rejected and there is a significant difference between respondent's decision about schemes of investment portfolio (Bank Deposit, Investment in Equities, Insurance Schemes, Investment in Real Estate, Gold Investment, Investment in Commodity, Post office Saving Schemes, Investments in Chit Funds, Investment in Mutual Funds, Investments in Pension, Investment in Foreign exchange, PPF, ULIP, NSS) and investment opportunity (Risk, Return and Time period) are closely associated.

Table No. - 8 Source of awareness towards their investments

Sources	Total Score	Mean Score	Rank
Personal Observation	387	0.3624	15
Agents / Brokers / Analysts Forecast	2880	2.6992	1
Advertisement	1070	1.0028	10
Friends & Relatives	1600	1.4995	8
Periodicals	784	0.7341	12
Boucher & Pamphlets	1000	0.9372	11
Abridged Prospectus	1540	1.4433	9
Newspaper Journals & Magazines	1650	1.5464	6
TV Channels	1634	1.5308	7
Investments Related Websites	1834	1.7182	4
Investor Forum	2670	2.5023	2
Technical Analysis	1690	1.5839	5
Company Announcements	707	0.6623	13
Stock Exchange Announcements	2240	2.0993	3
Other sources	680	0.6373	14

Source: Computed from survey data

It is identified from the above regarding source of awareness towards their investments; Major sources are classified into fifteen criterions. The above analysis by adopting Henry Garret ranking methods highlights 15 sources where the investors get information and awareness towards their investments listed above in that 'Agents / Brokers / Analysts Forecast' which was ranked first with Garret score of 2880 points because they are specialized and investor believe agents and brokers will provide updated information related to investment to forest the future return. It followed by second and third ranks which are assigned to 'Investor Forum' and Stock Exchange Announcements with the Garrett scores of 2670 and 2240 points respectively because the evidence are officially recognized for decision making on investment aspects. And remaining sources are ranked between four to fifteen where the investors considers are supporting source for their investment decision especially with reference to different types of short and long term investments either in financial institution or share, stock and capital market.

SUGGESTION AND RECOMMENDATION

1. Asset management companies can collect feedback from the investors and study the investor's recent problems, opinion and preference in periodic intervals which will help to give better service to the investors and also create and maintain a good relation with the investors.

2. Facing risk is major factors which discourage investors from committing fresh and new funds generation in the market, hence appropriate risk awareness programme through print and visual media should be provided to improve the risk perception of investors.
3. The main reason for poor contribution by internal sources is very low bank interest rates. Therefore, commercial banks have become efficient custodian of finance only for a shorter period. The bank rates should be enhanced at least 11-12% to attract more investors.
4. Poor portfolio management is also a problem for investors especially in mutual fund. This is in spite of the professional management of the funds; hence efficient audit should be made mandatory.
5. Security and exchange board can organize seminars and training programmes to investors especially at the of time of market fluctuation and recession, so that it reduces the confusion of investors and creates a confidence about the market current condition, this may lead to search some more new portfolios.
6. To attract the younger generation into the portfolio investment industry, the issues and emerging trends on portfolio investment may be included in the under graduation, diploma and school curriculum.
7. Companies, periodic market assessment, and company quality to be informed to investors every now and then not only to urban and metro cities but also expand their service to cover and give necessary importance to the investors in rural areas.
8. Investors shall go in for a long - term disciplined investment, realizing that equity investments are meant to generate reasonably high long term benefits rather than to generate high short term gains. Intermediaries shall advice their clients and direct them towards long- term disciplined investment.
9. Investors must be update their financial and investment status from time to time from magazines, newspapers, internet, international financial and capital news in and around India and world market about
10. The researcher recommends that the investors need to analysis the investment factors carefully using the reasonable business knowledge before making an investment decision.
11. The Government has to consider Tax issues towards investors in addition to the desire to diversify and the quest for higher returns encouraged investors to invest in foreign currencies.
12. The investors should also be able to interpret the market and economic indicators since they influence the performance of the share on the market.

CONCLUSION

All investments involve some degree of risk. The reward for taking on more risk is the potential for achieving a greater return. In general, financial instruments like bank deposit, mutual fund, insurance, chit fund, derivatives, real estate, foreign currency, gold, commodities, public provident fund, tax free bonds, shares and securities have the greatest risk and highest potential returns among major asset classifications. Diversification factors are a widely embraced investment strategy that helps mitigate the unpredictability of markets for investors. It has the key benefits of reducing portfolio loss and volatility and is especially important during times of increased uncertainty.

According to the objectives of the study first of all after consolidating the demographic profile of the respondents the researcher tries to find out the relationship between the schemes of investment alternative with demographic profile of respondents. The researcher applying ANOVA to find the respondent's decision about schemes of investment portfolio with reference to investment opportunity such as – RRT, found that most of the segments of investment with RRT has significant relationship with variables because a reduction in the risk of losses and a reduction in portfolio volatility. Even when diversifying domestically significant benefits can be achieved. However to maximize diversification benefits investors should strive for a global exposure to broad asset classes. Diversification will not guarantee a profit or assure against losses during bear markets; however it should at the very least provide considerable protection of some of the gains investors have thus far accumulated. In the recent investment scenario risk management practices are gaining much impact and hence understanding the investment behavior becomes more crucial. In order to prove one more objectives related to this study, main factors considered by investors to search and select portfolio investments alternatives out of eleven factors by applying factor analysis (KMO and Barlett's Test) the researcher find top three important factors such as high return and safety, income and risk tolerance minimization and bonus, dividends and incentives are considered as important in investment decisions.

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